

2.9.2 Energy Burden Definitions

Energy burden is an important statistic for policy makers who are considering the need for energy assistance. Energy burden can be defined broadly as the burden placed on household incomes by the cost of energy, or more simply, the ratio of energy expenditures to household income. However, there are different ways to compute energy burden, and different interpretations and uses of the energy burden statistics. DOE Weatherization primarily uses mean individual burden and mean group burden since these statistics provide data on how an "average" individual household fares against an "average" group of households (that is, how burdens are distributed for the population). DOE Weatherization (and HHS) also uses the median individual burden which shows the burden of a "typical" individual.

Mean Individual Burden: This statistic is calculated by first computing the energy burden for each household using RECS data and then taking a mean of the household-level energy burden estimates. It furnishes the most complete information about how a burden is distributed for the population.

Mean Group Burden: This statistic calculates energy expenditures for all households in the group and divides by the average of all incomes for the group. This statistic is calculated as the ratio between aggregate energy expenditures of a group (from RECS and CPS) and aggregate group income (from CPS).

Median Individual Burden: This statistic is computed by taking a median of the RECS household-level energy burden estimates (the point at which 50% of households have a higher burden value and 50% have a lower value).

Source(s): HHS, LIHEAP Report to Congress FY 2000, Apr. 2002, p. 45 for energy burden definition; HHS, Characterizing the Impact of Energy Expenditures on Low-Income Households: An Analysis of Alternative National Energy Burden Statistics, Nov. 1994, p. vii and ix for burdens; and ORNL, Scope of the Weatherization Assistance Program: Profile of the Population in Need, Mar. 1994, p. xii for mean individual and mean group burdens.